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SUBJECT: BULGARIA: TOUGH GMO LAW HAMSTRINGS BIOTECH INDUSTRY

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¶11. (SBU) SUMMARY: Bulgaria currently has some of the most restrictive legislation on biotechnology in Europe, surpassing even the European Union's stringent standards. In addition to prohibiting the commercialization and release into the environment of modified products banned by EU member countries, Bulgaria's law bans almost all forms of biotech production and field experiments, and prohibits laboratory research on a number of strategic Bulgarian crops. Although parliament passed the law in March 2005, Bulgarian authorities have failed to establish the Bio-Safety Commission required to implement the law. As a result, all potential investment and research projects involving agricultural biotechnology in Bulgaria are currently on hold and the country is experiencing a vacuum in the biotechnology industry. Pro-biotech supporters hope to pressure parliament to revise the law and to establish the Commission, but expect little progress until after Bulgaria accedes to the EU. Needless to say, the law has a harmful effect on both U.S. exporters of biotech products, and potential American biotech investors here. END SUMMARY

BULGARIA TAKES HARDLINE STANCE TOWARDS AGRICULTURAL BIOTECHNOLOGY

¶12. (SBU) In March 2005 the Bulgarian parliament passed one of Europe's most restrictive laws on biotechnology. The law prohibits the production, commercialization, field testing or research of Genetically Modified Organisms (GMO) for the following three crops--tobacco, grapevines, and damask rose--considered by authorities to be "strategic" crops in which Bulgaria has a unique comparative advantage. According to Atanas Atanassov, Director of the Agro-Bio Institute (ABI), one of the leading organizations in biotech research, Bulgaria is the only country in the world to impose a ban on biotech research. Additionally, the law bans production, commercialization and field testing of many other transgenic crops, such as wheat, cotton, vegetables and perennial fruit. Fines for violating these bans are severe with penalties amounting to 1 million leva (USD 657,000) for breaching the ban on the cultivation of GM plants or fruits. This sanction applies also to companies that violate the ban by releasing antibiotic-resistant plants or seeds into the environment. Additionally, the law places tight restrictions on the cultivation of GMOs that receive approval from the Bio-Safety Commission by requiring a buffer zone of 30 kilometers around transgenic crop plantings. This requirement is particularly onerous given the country's small size and the fact that only approximately 30 percent of land in Bulgaria is arable.

¶13. (SBU) The law essentially prohibits almost any activity related to products of agricultural biotechnology. However, it does allow an opening for planting of corn, soy, and rice

on the condition that an application and detailed risk assessment is submitted and approved by the Bio-Safety Commission, the principle executive agent for biotech issues. The problem, however, is that the Ministry of Environment has not formed the Commission since the law was approved more than a year ago. As a consequence, no GMO-related investments are allowed and the work of Bulgaria's biotech industry is currently "frozen," according to Atanas Atanassov. Atanassov told us that the law and the lack of the Commission have had a devastating effect on his institution and the biotech industry in general. Most of ABI's biotech projects are currently on hold due to the law, and the ban on research has set his Institute back 50 years. Bulgaria "would have been the forefront" of GM research if it were not for the law, said Atanassov.

¶4. (SBU) Until recently, Bulgaria was doing advanced research on BT corn and BT potatoes with support from U.S. firms like Monsanto and Pioneer, and was considered to be among the best in the field in Eastern Europe. The law, however, has contributed to a rapid decline in GM production in Bulgaria. One testament of this is the ever-dwindling production of GM corn in the country. In 2001, there were 13,000 hectares (or 32,110 acres) of GM corn cultivated. In 2002, this amount shrank to 6,200 hectares (or 15,314 acres) before falling to 2,000 hectares (or 4,940 acres) in 2003. In 2004, no GM corn was cultivated. The law has forced ABI to suspend an ongoing research project on GM cotton that it was doing with the U.S. company Delta.

DIVIDE IN SCIENCE COMMUNITY HELPS EXPLAIN TOUGH GMO LAW

¶5. (SBU) The original draft law, first proposed to parliament in late 2004, was much more biotech-friendly and scientifically informed. However, prior to final approval

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of the law, parliamentary deputies were swayed by GMO-wary scientists, along with various green NGOs, to pass a much more restrictive law. According to Atanassov, a major factor for this reversal was the lack of unity among the scientific community regarding agricultural biotechnology, and the fact that the President of the Bulgarian Academy of Science (BAS), Ivan Juchnovski, was a leading opponent of the GMO-friendly law. According to Atanassov, Juchnovski sent various "experts", who knew little about the science of GMOs, to the Environmental and Agriculture Parliamentary Committees to critique the draft law. These experts propagated the view that "the harmful effects of GMOs on human health and the environment is a fact." BAS insisted on a ban on the cultivation of modified crops since "no convincing evidence as to the safety of GMOs" exists. Taking BAS's concerns to heart, the current law's stated priority is "to protect human health and the environment" regardless of the existing economic interests or the unavailability of sufficient scientific data."

¶6. (SBU) According to an ABI representative, the anti-GMO lobby in Bulgaria is bolstered by an overall lack of knowledge regarding biotechnology in the government and society. Efforts to reverse this trend have been made more difficult by the fact that the perception of GMOs has become more negative in recent years, partly due to unfavorable coverage by the press, according to ABI. Moreover, many people believe Bulgaria has more to gain economically from developing a niche in the organic sector. They argue that this sector should be the country's first priority because the EU market demand for organic products will outstrip the demand for genetically modified products, the common wisdom being that EU member states are firmly anti-GMO. However, Atanassov told us that four articles of the law are contrary to EU legislation and may have to be amended once Bulgaria accedes to the EU.

AREAS OF PROMISE FOR BIOTECHNOLOGY IN BULGARIA

17. (SBU) There are a number of crops in Bulgaria that could greatly benefit from the use of biotechnology. One is cotton, of which Bulgaria is a net importer. The local cotton industry is not likely to survive without the use of GMOs because the industry is too labor-intensive and expensive for producers to turn a profit. The same applies to rapeseed, of which the current varieties are too low-yielding and sensitive to the low winter temperatures in Bulgaria. Rapeseed is particularly attractive given its potential as a source of bio-diesel fuel. These two crops' biggest advantage lies in the fact that they are not food products, which could make them more acceptable and attractive as potential GM products. Likewise, erosion-resistant trees and bushes could help to prevent flooding, which has caused millions of dollars of damage this past year.

COMMENT

18. (SBU) The best chance of changing Bulgaria's restrictive GMO law, according to Atanassov, would be to force the Environment Minister, Djevdet Chakurov, to finally form the Bio-Safety Commission. At that point the Commission, which is expected to be made up of scientists, could begin a more informed debate on the advantages and disadvantages of GMOs. Atanassov, however, is skeptical that anything will happen on this front before Bulgaria's EU accession (expected in January 2007). He and his supporters are currently developing a strategy to form a political-science lobby group to pressure parliament to amend the law. With the support of Deputy Minister of Agriculture Svetla Batchvarova, they have sent a letter to the EU Commission asking if the law is consistent with EU law. Atanassov believes Bulgaria could face penalties if the law is shown to be out-of-step with EU policy, which might just be the stick GMO supporters here are looking for to convince the government to revise the law. We will continue to work with local biotech supporters to open the market and research opportunities for genetically modified products. End
Comment

KARAGIANNIS